

**APPROVED MINUTES
IDAHO SOIL CONSERVATION COMMISSION
2270 OLD PENITENTIARY ROAD
BOISE, IDAHO**



The Idaho Soil Conservation Commission (SCC) held its regular meeting on January 12 and January 13, 2004 at the Idaho State Department of Agriculture, Lower Conference Rooms 1 and 2, in Boise, Idaho. Attendance at the meeting was as follows:

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Governor
Dirk Kempthorne

Commission members

Jerry Reid
Bill Whittom
J. Morgan Evans
Gary Grindstaff
Tom Johnston

Administrator
Jerry Nicolescu

Members:

Jerry Reid, Chairman
Bill Whittom, Vice-Chairman
J. Morgan Evans, Secretary
Gary Grindstaff, Member
Tom Johnston, Member

Advisors:

Rich Sims, (NRCS)
Kyle Hawley (IASCD)
Paul McCawley (U of I CES)

Others:

Jerry Nicolescu, SCC
Brenda Thomasson, SCC
Jennifer Ambrose, SCC
Mike Everett, ISDA
Kent Foster, IASCD
Sharon Kinzer, IDEA
David Ellsworth, IASCD Division VI
Claude Bruce, IASCD Division III
Roger Stutzman, IASCD Division IV
Alice Wallace, IASCD Division I
Gary McRae, EPA
Ken Stinson, Latah SCD
Biff Burleigh, SCC
David Coburn, SCC
Tony Bennett, SCC
Biff Burleigh, SCC
David Ferguson, SCC
Kathie Shea, SCC
Pat McCoy, Capital Press
Lance Holloway, ISDA
Judy Page, ISDA
Jan Bodine, ISDA
Pam Knott, ISDA

Welcome/Announcements

Chairman Reid called the meeting to order at 11:05 a.m. Reid welcomed everyone and made introductions. Nicolescu announced that he had just come from the Director's meeting and that they would be joining our meeting shortly. He reported that the Directors had been meeting with Toni Hardesty of DEQ, who replaced Dave Mabe when he went to work for the federal government.

Minutes

Evans asked if everyone had had a chance to read the minutes and if there were any corrections or additions. Reid had a question on certified technical assistance employees from page six of the minutes. The time frame for those employees should be changed from February to October, rather than October to February. Grindstaff moved to approve the minutes of the November 9, 2003 meeting with the suggested change. Whittom seconded. Motion carried.

Grindstaff reported that a loan approved for his parents, Harvey and Bernice Grindstaff, at the November meeting would need to be modified, as Harvey recently passed away. Evans is also mentioned concern about the loan program updates. Reid assured him that this matter will be discussed during the meeting tomorrow.

Financial Reports – General Fund

Thomasson distributed copies of the financial reports. She reported that overall, the Commission is doing a good job of managing its budget, keeping expenditures within or under projected costs. Through December, only 47% of personnel funds have been expended, 25% of operating has been expended and 72% of T&B has been expended. If the members approve district allocations today, T&B will be almost completely expended.

Thomasson also reported that all other expenditures appear to be right in line with budgeted expenses, including field staff, program management staff and the engineering staff. Reid asked why T&B would not be completely expended after the second allocation. Thomasson reported that staff has budgeted for a potential 3% holdback and that if those funds are not held-back, each district will get a small third allocation to

completely expend the fund. Grindstaff moved to approve the financial report. Evans seconded. Whittom thanked Thomasson for reviewing the reports in an easy understand manner. The other members agreed and after no further discussion, the motion carried.

RCRDP Financial Report

Coburn reported on the status of the RCRDP program. He stated that December is a big month for payments. He reported that the one bankrupt loan we have had almost been resolved and that some funds have been received. Several good loan applications are coming in, so the loan cash balance should start to decrease more quickly. Coburn reported he will probably request a conference call in early February to handle loan requests that were not be submitted in time to be reviewed today. Grindstaff questioned if more grants should be given to help boost the loan efforts.

Evans requested an "information show" in the eastern Idaho area to promote the program. Many people do not understand that funding is available or how the program works. Johnston echoed this sentiment. Everyone agreed that additional changes can be made to the program to get more conservation on the ground. Johnston suggested a letter or memo to all Districts inviting them to be a part of the program. Evans stated that the need is to make the program more accessible to those who really need it. Nicolescu stated his concern that the legislature may take some of the funds in the RCRDP loan account to help with current state budgeting shortfalls. Whittom feels that some of the industries in Idaho may be overlooked, such as the timber industry that may be eligible for the RCRDP loans. Grindstaff moved to approve the RCRDP Financial Report. Johnston seconded and the motion carried.

NACD

Reid asked for input on which sessions he should attend at this year's NACD conference in February. Recommendations were made by Shea, Evans, and Johnston as to which sessions should be attended. Grindstaff suggested coordinating with the IASCD Directors also as to which sessions to attend. Reid does feel it's important that Idaho have a presence at the conference, although he stated that most of the critical information will also be distributed via newsletters and other publications. Reid has marked his schedule and will attend the sessions recommend by the group.

SCC Office Space

Nicolescu explained the options available to the Commission concerning an impending move from the current office space occupied by Commission staff to the lower level of the Agriculture building, into new office space. The move would occur at no cost to the Commission. The members were taken on a tour to the potential new office space and designs for use of the space were reviewed by all present. The meeting then adjourned at 12:10 p.m. for a joint lunch with the IASCD Directors.

TMDL Report

Bennett gave a report on TMDL implementation. The report details what area each staff person is working on and what processes are being implemented. We are moving from the planning stage into the implementation stage and are coordinating with other agencies on this effort. All staff, including contract staff, is participating in these efforts. Nicolescu explained how the reporting for contract staff was developed, as there has been some question as to whether or not the funding and the legal ability to hire staff was in place. The proposals were given to the Division of Financial Management and the Office of Legislative Services for review. Nothing has been received back from those entities. Legal response was that if State law does not prevent this from being done, we should proceed.

Bennett reported that Jamie Davis has been hired as a contract staff person to work in the Sandpoint office and should be a very valuable asset to the ISACD. She is tentatively scheduled to begin work on February 1, 2004. There are still other positions to be filled, or re-filled as staff has been hired by NRCS.

Bennett also distributed copies of the BMP Effectiveness Field Guide which has been developed as a cumulative effort over several years time.

Conservation Technical Assistance

Sims distributed copies of a questionnaire that was sent to all Districts. So far, twenty responses to this questionnaire have been received, identifying cropland, forestry, and rangeland as the three most important topics. The largest difference in cost is in component practices; for example, northern Idaho has a much higher cost for pipe than does southern Idaho. There is the ability to set priorities on a county basis. Sims also reported that the funding to provide conservation technical assistance is for temporary,

short-term assistance. There is funding for roughly one thousand hours worth of work on a year-to-year agreement, or approximately \$180,000.00. Changes were made based on input from all the partners. \$20,000.00 will be spent for administrative activities. Not all areas have responded. Most of the questions have been on how to utilize the person, rather than that they are not interested. There is a great deal of flexibility on when these contract positions can be hired and how long they can work, or what areas they work in.

NRCS Report

The NRCS report was presented, with Sims distributing copies of maps showing NRCS funding distributed by EQIP area for 2002 and 2003. It also includes Farm Bill information that has not been previously available. Sims will be taking this same message to all legislators and industry leaders. These are contracts signed that will be implemented between the present date and the next ten years. There was a \$10 million increase from 2002 to 2003. The map also shows that money was distributed by resource concerns, including dry land, irrigated Ag, grazing management, forestry, AFOs/CAFOs and winter feeding areas. Projects involve no-till, direct seed and other projects associated with dry ag. The next map shows areas where groundwater mining was converted to surface water to help resolve issues of recharging the aquifer. Other projects involved closing injection wells and converted them to pivots.

The next map showed surface water pivots, with over 200 requests for pivots in Twin Falls County alone. There is still a great demand out there, just not enough funding to complete all of the projects. AFO/CAFO maps showed 10 projects in FY02. The other 63 projects have been requested in 2003. There has been a huge increase in the demand. Constituents are paying attention to what's going on. This equates to roughly \$2.9 million dollars. The next map showed grazing management. This could include off-site watering and fencing project. Eight million dollars has been spent on behalf of the livestock industry in the last two years.

A map showing the Clearwater River Basin and the Salmon River basin showed animal feedlot operations in these areas. There is a lot of activity in the Lemhi area. The next map showed the same area with grazing management activities. Sims indicated that in the 2003 Farm Bill there is funding for 12 contracts for forestry in the northern part of Idaho. This could include culling bad trees and cutting brush to improve timber production. EQIP funds are also going into areas where salmon and bull trout are indigenous. Threatened and endangered species are being reviewed, even though this is not a requirement of the program.

The next maps were devoted to TMDLs, including those that have been developed and those that are being implemented. There are 201 EQIP contracts being implemented into TMDLs that have been written. Approximately \$14.1 million has been contributed for TMDL planned areas or implemented areas from EQIP alone. This presentation takes Sims about 20-55 minutes to present and have been a valuable tool.

Technical Service Providers

Nicolescu reported on the new TSP agreement. He distributed copies for members to review. After reviewing the information with NRCS contracting officials, the agreement has been revised. The main change is in the plan of work. The other information has not changed at all. The forms are to be received in this office and then the information will be compiled and put on a form 270 and sent to NRCS for reimbursement.

IDEA Report

Sharon Kinzer thanked all staff for helping IDEA with the IASCD conference. They made slightly more than \$1,000 for their efforts at conference. Kinzer wanted to make sure that all were aware of Karma Bragg's efforts in revising the agenda at conference. Kinzer also reported that IDEA has just elected new Directors. Renee Jeppesen has been elected from Division I, Vicki Lukehart has been elected from Division III and Laurie McCall from Division IV with Barb Astle as her alternate. She also reported that eight District employees received plaques for more than 15 years of service. The awards were given to Kay Coski, Valley SCD for 20 years of service, Debbie Tiede, 20 years, Power SCD, Pauline Bassette, 22 years, Caribou, Linda Daniels, Onieda, 22 years, Janet Baker, Portneuf, 18 Years, Francis Perkes, Butte, 19 years and Mary Jennings, Caribou, Custer and Jefferson, 19 years and JoAnn Taylor, Bear Lake, 28 years. Kinzer will provide a list of these employees to Thomasson so that letters recognizing their service can be sent from the Commission.

Kinzer also reported that Debbie Tiede had also been selected as the IDEA employee of the year. She also reported on the success of the IDEA Rifle Raffle, which raised over \$1,000.00. As of December 31, 2003, IDEA has a balance of \$10,044.84 in their account. Kinzer thanked SCC and NRCS for the funding provided to IDEA for training workshops. One training has been scheduled so far this year. It is a joint session with Divisions I and II and will be held January 27 and 28 in Coeur d'Alene. The theme of the workshops will be partnerships. Weaver, Thomasson and Shea from the Commission will be featured trainers at this workshop.

Next, Kinzer reported that the 2004 IASCD Conference will be held in North Idaho. Ken Stinson was elected chairman of the conference planning committee, with Diana Menzel serving as co-chair. Stinson will give an update to IDEA at their meeting tomorrow.

DISTRICT DISPLAYS

Thomasson gave a brief report on the displays Districts and the Commission will have at the Capitol Building again this year. Terri Grubbs of the IASCD is coordinating this effort. Ambrose and Thomasson will be assisting, with Ambrose preparing a display from the Commission. Thomasson touted Ambrose's creative abilities in creating brochures and other visually appealing materials to get the conservation message out. The displays will be February 24 on the 4th floor of the Rotunda. Whittom volunteered to attend and take digital photos of each display and help get the message out to the public. He requested that Thomasson contact the Districts that will be participating and ask them to have a brief synopsis ready for his use.

IASCD Report

Kyle Hawley gave a report on IASCD activities. He reported that they have three employees participating in the newly established retirement plan and that they are looking at ways to help with the costs of medical insurance. He thanked everyone for their assistance at the last conference and accounted the dates for the 2004 conference. The money received from conference is the source of funding for travel. This year's conference will be held in Moscow November 7-10, 2004. Hawley also reported that this year's NACD conference will be held in Hawaii. All six division directors will be attending the conference.

Hawley also announced the physical move of the IASCD office. The phone number and mailing address will remain the same. The new physical address is 6003 Overland Road, Suite 204, in Boise. The amount of space has been increased from 800 square feet to almost 1500 square feet, at a lesser cost. They are also working on a fiscal accountability policy and hope to have a "final draft" ready by July. A committee made up of representatives from nine districts has been working on this draft.

Spring division meetings have been set. The dates are as follows:

Division I	- March 11 – Bonners Ferry
Division II	- March 10 – Lewiston
Division II	- February 24 – Homedale
Division IV	- March 2 – Twin Falls
Division V	- March 4 – Pocatello
Division VI	- March 3 – Idaho Falls

The Association is still working on creating a Foundation.

U of I CES Report

Paul McCawley reported that John Hammel will be taking over as Dean of the College of Ag and Life Sciences. Candidates for the Presidency of the U of I will be touring the state this month. McCawley also reported that the C.O.L.S. hopes to have a level budget this year. The college lost 107 faculty positions last year, mostly due to early retirements. Roughly 42 of those positions have been or will be refilled. The remainder of the positions have been eliminated. McCawley also reported that the University will soon be interviewing for a new extension leader.

District Capacity

Nicolescu reported on a re-start of District Capacity. The Directors requested that District Capacity be re-started. Nicolescu has met with Ray Ledgerwood, formerly of NACD, to work out the cost of re-starting this effort or the ability to provide some funding for training.

ISDA Report

Mike Everett, ISDA Deputy Director gave a brief report on ISDA activities. A new Public Information Officer has been hired. His name is Kathy Sodhi. She was selected from more than 60 applicants and will begin work on February 1, 2004.

Everett also reported that much of ISDA's time has been spent on BSE (Mad Cow Disease) lately. Idaho will probably be a pilot state in the animal I.D. program. Whitton asked about country of origin labeling. Everett reported that Dr. Clarence Sirokey, ISDA Division of Animal Industries Administrator, has been a member of a task force working on this program. Food safety and animal issues are a top priority of the task force. Evans asked if animal tags would need to be changed in the spring. Everett reported that they are still figuring out the process.

The smoke management program is being wrapped up. ISDA anticipates many questions from the legislature this year. There are still several pending court cases regarding smoke management. Many misconceptions still exist about burning programs in the western states.

Odor issues in the Magic Valley continue to be a big issue for ISDA. ISDA continues to work on developing standards for odor management.

Briefly returning to the PIO position, Grinstaff questioned what percent Ms. Sodhi's salary will be paid by the SCC. Nicolescu replied that it was 30%. Everett stated that it would be the same as before – he believed that 25% of her salary will be paid by the SCC, but that the goal would be to get that percent to zero.

In conclusion, Everett stated that his year's legislative session should not have many controversial issues and that it should be a fairly smooth session.

Conservation Easements and County Tax Structure

Nicolescu reported that ITD wants to work with landowners on wetlands and that the county has stated that taxes will be increased if the land is taken out of agricultural production. Legislator Ken Roberts has assured landowners and the county that the SCC will “fix” the problem. Senator Burtenshaw is working on legislation to address this problem. The county assessors are adamant about increasing the tax base. IASCD passed a motion to contact Senator Burtenshaw to determine his intent with the legislation.

Sims explained there are two different tax sections involved. One takes it off the tax rolls completely, and one puts the tax into a higher tax bracket. Nicolescu and Foster will follow-up on this issue and report back at a future meeting.

District Allocations

Kathie Shea distributed a spreadsheet on district allocations and explained why there are some discrepancies in the amounts sent to each district, based on letters of intent received from counties, insurance costs, and reporting issues. She also explained how some Districts have involved cities and other entities in the funding process in order to obtain additional funds for their districts.

Shea reviewed the situation with the Bruneau River SCD and referred members to minutes of past SCC meetings for clarification. Bruneau River was denied their first matching allocation due to the fact that all required reports were not received in time. Bruneau River Chairman, Mark Shaw, had appeared before the Commission to explain why reports had not been submitted. Shaw agreed with the Commission's decision to withhold funding, in accordance with an IASCD resolution. Bruneau River's reports have now been received and they would be eligible to receive their second matching allocation. Whittom moved to allow the second matching allocation to Bruneau River SCD in the amount of \$1,615.49. Evans seconded and the motion carried.

Shea reported that she sent the Notice for Budget requests on January 7, 2004 and the Five Year Resource Conservation Business Plan update requests were sent on January 8, 2004. Stinson praised Shea for her quick turn-around time on WQPA reports, stating that she does an excellent job and her assistance is much appreciated.

Watershed Advisory Group (WAG) Report

Nicolescu gave a brief update on the status of WAG allocations appropriated to various WAG groups. Since WAGS were put in place, the Joint Finance and Appropriations Committee (JFAC) has instructed that a certain portion of funds be sent to WAGS from the Commission. These funds are for administrative assistance and are the only support that WAGs receive. This year, \$13,500.00 will be allowed for WAG funding. Requests for \$20,214.00 have been requested, but only \$12,817.00 is available due to budget holdbacks. If there is no hold-back, a small amount of additional funding will be available for distribution. Grindstaff moved that WAG funds be allocated as determined by the report. Johnston seconded and the motion carried.

Water Quality Program for Agriculture (WQPA)

Biff Burleigh gave a report on the status of WQPA. Participants enter the program with the understanding that there is no carry-over of funds from year to year. He stated that even though \$971,195 has been requested from the program, only \$723,350 is available. Of the funding available, \$583,499 has been expended, keeping the program within its budget. The decrease is attributed to savings on project costs, projects not being implemented as quickly as anticipated, and projects not yet started.

Contest Funding

Thomasson reported on requests from the Forestry Contest and the Envirothon Competition to receive funding from the Commission. The Forestry Contest has requested \$500.00 over what was provided last year. Whittom moved to support the Forestry Contest in the amount of \$2,000.00. The motion died for lack of a second. There was a lengthy discussion regarding the amount of funding provided to each contest in previous years. In the past, the SCC has supported both contests in equal amounts ranging from \$750.00 to \$1000.00, depending on the budget available. Grindstaff moved to provide \$1,000.00 to the Forestry Contest and \$1,000.00 to the Envirothon contest this year. Johnston seconded. A discussion ensued wherein Whittom stated that he felt additional funds should be sent to the Forestry Contest. Evans stated that in a tough budget year, the Commission should probably hold the line on the budget and perhaps consider funding larger amounts when more funding is available to the Commission. Discussion concluded and the motion carried with Johnston, Grindstaff and Evans voting "aye" and Whittom voting "nay".

Future Meeting Dates

Alice Wallace reported that the IASCD passed a motion to hold their meetings the second Sunday and Monday in January and July. Dates for future Commission meetings have been set in Boise, except for November's meeting in Moscow, as follows:

March 15, 2004

May 17, 2004

July 12, 2004 afternoon and July 13, 2004 – morning

September 13, 2004

November 7, 2004 and possibly November 10, 2004

January 10, 2005 afternoon and January 11, 2005 a.m.

Personnel Report

Nicolescu reported that Brian Gardner has accepted a position with the Natural Resources Conservation Service effective January 15, 2004. Brian will be a valuable asset to the NRCS, but will be deeply missed by the Commission. There is an interest in hiring Scott Koburg, IASCD employee to refill Brian's position. An announcement and position description will need to be developed to refill this position.

Nicolescu also stated that Kathy Weaver will likely retire within the next two years. Bennett and Burleigh will also likely retire within the next three

to five years. Shea will also probably consider retirement within the next five years. Cross-training is being implemented over the next several months to ensure that existing staff is up to speed on all programs. Ferguson will be taking on some of the duties of interacting with the legislature and learning the specifics of the program Burleigh manages. Bennett has also been working with some senior field staff to assume some of the supervisory responsibilities currently held by Bennett. Hogan and Pentzer have already completed supervisory training in preparation for assuming their new roles. Nicolescu also reported that the PIO position will continue to be funded by a thirty percent contribution from the SCC, even though the Commission had decided to request not to participate in that position anymore. However, because of recent events, that decision was reversed. One of the duties of the PIO will be to forge a better working relationship with ISDA.

Sims reported that he has also hired a PIO, Jody Holsworth and that she has begun working with NRCS staff.

With no further discussion for the day, Reid adjourned the meeting for the day at 4:50 p.m. to reconvene at 8:30 on Tuesday January 13, 2004.

Tuesday, January 13, 2004

Reid brought the meeting to order at 8:30 a.m. and welcomed all present.

RCRDP Grants

Burleigh presented the grant request of Douglas Boggan from the Idaho SWCD. Boggan requested a grant in the amount of \$8,000 to replace a tractor powered pump. The project consists of installing a removable 6" pipeline beginning on the applicant's land on the west side of Highway 95, through a culvert under the highway and into the Little Salmon River. Electric lines will be added, and an electric pump installed on the west side of the highway on the applicant's land. The existing irrigation system, which will continue in use, is a buried 6" mainline with risers, laterals and sprinkler heads. Applicant has also requested an RCRDP loan, which will be considered later in the meeting. Johnston moved to approve the grant. Whittom seconded. After a brief discussion, Johnston amended the motion to ensure that proper easements and water rights are met Whittom seconded the amendment and the motion carried.

The next grant request presented was for Ernest Bryant and Fred Brossey from the Wood River SWCD for a grant in the amount of \$3,444. The project will complete fencing of the riparian area for about two miles

along both sides of the Little Wood River west of Shoshone. The project involves building approximately 10,000 feet of three-wire hi-tensile permanent electric fence. This fence will replace a non-continuous, single strand, temporary poly wire which is presently being used with limited success in restricting cattle from the river. Grindstaff moved to approve the grant for \$3,444. Evans seconded and the motion carried.

Burleigh then presented the request of David Franzen, Canyon SCD for \$4,685. The project would provide for the installation of a concrete delivery ditch, as recommended by NRCS, to eliminate the combining of two dirt ditches and resultant field erosion and sediment delivery. A new weir box will be installed to better regulate and measure the quantity of water for the farm. The new system will improve irrigation efficiencies, reduce the amount of water applied to the field and reduce leaching of nutrients. Grindstaff moved to approve the grant request for \$4,685.00. Evans seconded and the motion carried.

The grant request of Mike Henslee, Salmon Falls Land and Livestock, Balanced Rock SCD for \$6,519 was presented next. The project will take place on state of Idaho land, within an 8,000 acre grazing allotment. The allotment is used as spring pasture, and is grazed by 600 pairs of cows and calves, or at times, 300 yearlings. Several fires have occurred over the past three years, and the burned area has been reseeded with crested wheatgrass. As it was reseeded, the area has been fenced to protect the seedlings. It is now managed as two pastures. This action will allow the forage and woody species to thrive, offering shade to the stream and lowering the water temperature. The applicant has a current permit for construction of the improvement with IDL and a ten-year lease extending through January 1, 2013. Grindstaff moved to approve the grant for \$6,519. Whitton seconded and after a brief discussion, the motion carried.

The final grant request presented was for Sam Smyser, Parma Ditch Company from the Canyon SCD in the amount of \$2,485.00. This project would install a new culvert pipe according to NRCS standards. The project is entirely on private land. The ditch company has submitted a signed statement that they have a legal right of way to install and maintain the crossing and that they will maintain the structure for the expected life of service of more than 20 years. As a result of the project, less water will be diverted from the Boise River. Additionally, this reduction in water diversion from the river to the canal will leave the canal at a lower level. Normal water levels in the canal will cease to threaten the adjoining farmstead and the reduced diversion will lessen the impacts to

the shallow aquifer. Johnston moved to approve the grant for \$2,485. Evans seconded and the motion carried.

All members praised Burleigh for the complete and concise manner in which the grant requests were presented. Slightly more than twenty-five thousand dollars in grant funding was approved at this meeting, leaving approximately \$60,000 remaining to be disbursed in the program.

Riparian Stream Restoration

David Ferguson reported on riparian stream restoration. He distributed a brochure detailing the highlights of this program, which he has been involved in for the past four years. Ferguson stated that the collaborative effort is working to dissolve barriers and improve riparian areas and to coordinate resource management. There is a national strategy for riparian restoration. This is a good partnership involving many agencies, including the Bureau of Land Management (BLM), Idaho Department of Lands (IDL), the SCC, NRCS and ISDA working together to accomplish this goal. There have been improvements and the team is working on long-term maintenance and success. Riparian management is becoming more important to the general public, making it essential to have good working relationships with other agencies, as the teaching process continues. The members thanked Ferguson for his involvement and for the completeness of his report.

RCRDP Loans

Reid welcomed Coburn to the meeting. Reid asked if there were four loans. Coburn stated that he had five loan applications. Nicolescu stated that there were only four loans in the packet. The Lucero loan was not included, as Coburn did not have it prepared when the packet went out. The first request was from Doug Boggan, who was just approved for a grant.

Douglas Boggan – Idaho SCD, Riggins, Idaho, \$16,000 loan – 7 years @ 4% interest. The project consists of installing a removable 6" pipeline beginning on the applicant's land on the west side of Highway 95, through a culvert under the highway and into the Little Salmon River. Electric lines will be added, and an electric pump installed on the west side of the highway on the applicant's land. The existing irrigation system, which will continue in use, is a buried 6" mainline with risers, laterals and sprinkler heads. Terms of the agreement are as follows:

Loan Amount:	\$6,023.00	Loan Term:	5 years	Interest Rate:	3%
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Contingencies:

1. ISCC to be secured by a first lien on all irrigation equipment purchased with loan (UCC-1)
2. ISCC to require that secured chattel be insured by the borrower.
3. Value of chattel to be established by an acceptable evaluation source.
4. Parties to sign the note and security agreement: Douglas H. Boggan and Sharon M. Boggan, h & w

Grindstaff moved to approve the loan. Whittom seconded. There was a lengthy discussion wherein the loan amount was reduced to \$8,023.00, giving a better loan to value ratio. After additional discussion, Grindstaff amended his motion to include all chattel, including the new equipment purchased. Whittom amended his second. Discussion continued requesting that Boggan add his 10 acres to the collateral. Johnston suggested increasing the grant and decreasing the loan. Grindsaff then withdrew his amended motion and Whittom withdrew his second. After further discussion, Whittom moved to increase the amount of the grant to \$10,000 and approve a loan for \$6,023.00 with the loan term and interest rate to remain at 5 years, 3% interest with all other conditions met. Johnston seconded and after a brief additional discussion, the motion carried.

Coburn stated that the loan request of Vivian Diass that was denied at the previous meeting is being re-presented with additional collateral, including a second mortgage on 140 total acres valued at \$130,000.00. To refresh everyone's memories, Ms. Daiss operates 80-acres of row crops on a farm located three miles north and 1/2 mile east of Castleford, Idaho. All of the irrigation runoff leaving the farm enters Lateral 9, which acts as a tributary to Salmon Falls or Deep Creek, both of which are 303(d) listed water bodies. Lateral 9 drains to either stream within 4-8 miles downstream. The average field slope is 2%. Estimated irrigation induced soil erosion throughout the rotation of three years of alfalfa, two years silage corn, and one year of grain is 6.4 tons per acre per year. Estimated soil loss through sheet/rill erosion and wind erosion is 2.2 tons per acre per year.

The landowner proposes to install a linear sprinkler system on approximately 72 acres. This system will replace the surface irrigation system of gated pipe and siphon tubes. The proposed system will reduce irrigation induced soil erosion to near zero levels. The implementation of sprinkler irrigation will be accompanied with increased levels of crop

residue and a reduction in tillage operations, resulting in less wind and sheet/rill erosion, and an improvement in soil condition. Total soil erosion with the conversion to sprinkler irrigation will decrease from 8.6 tons per acre per year to 2 tons or less.

As per the conservation plan, the landowner will commit to development of a nutrient management plan, and the application of nutrient and pest management practices according to NRCS standards. These practices will protect surface and ground water quality from application of nutrients and pesticides.

The request from Vivian Dias, Balanced Rock SCD, \$83,000, 15 years, 5% interest was presented next.

Terms of the agreement are as follows:

Loan	Loan	Interest
Amount: \$83,000.00	Term: 15 years	Rate: 5%

**Contingen
cies:**

1. ISCC to be secured by an insured 2nd Real Estate Mortgage
2. ISCC to be secured by a first lien on all irrigation equipment purchased with loan (UCC-1)
3. Value of chattel to be established by an acceptable evaluation source.
4. Parties to sign the note and security agreement: Vivian Daiss, as an individual

Grindstaff moved to approve the loan. Johnston seconded and the motion carried.

Next was the loan request of Kent Kohring – Bruneau River SCD, Bruneau, ID \$100,000/ 15 year term, 5% interest rate.

Terms of the agreement are as follows:

Loan	Loan	Interest
Amount: \$100,000.00	Term: 15 years	Rate: 5%

**Contingen
cies:**

1. ISCC to be secured by an insured 1st Real Estate Mortgage on 160 acres
2. ISCC to be assigned water rights to the offered R/E
3. Value of Real Estate to be established by an acceptable evaluation source.
4. Parties to sign the note and security agreement: Kent G. Kohring and Virginia Kohring, h &w.

This project is to replace or repair and older irrigation system to be more water and energy efficient on his 640 acres farm through installing a highly efficient surface irrigation system on 240 acres with a 1-8 tower pivot and a 1-4 tower pivot. This project has EQIP funding approved. It will also fill in drainage ditches, saving 1200 soil tons/yr.

Grindstaff moved to approve the loan request. Evans seconded and the motion carried.

The next loan presented was for Kevin Anderson, Minidoka, SCD, Hazelton, ID \$75,000 loan – 7 year term – 4% interest

Terms of the agreement were as follows:

Loan	Loan	Interest
Amount: \$75,000.00	Term: 7 years	Rate: 4%

**Contingen
cies:**

1. ISCC to be secured by a first lien on all irrigation equipment purchased w/loan (UCC-1)
2. ISCC to require that secured chattel be insured by the borrower.
3. Value of chattel to be established by an acceptable evaluation source.
4. Parties to sign the note and security agreement: Kevin Anderson and Mary J. Anderson, h &w.

This project will install 1-6 tower pivot, 1030' in length, 1-8 tower pivot, 1476' in length and 1-7 tower pivot, 1253' in length. All three pivots will replace an inefficient surface irrigation system on 240 acres. The project will also close an A&B injection well, saving seven tons an acre per year or 1680 tons/yr. EQIP funding is also in place for this project.

Whittom moved to approve the request. Johnston seconded and the motion carried.

Coburn requested that the loan application of Edwin Lucero be reviewed. This loan was not in the packet sent to the members for review prior to the meeting. Coburn apologized for not getting the loan request in the mail and stated that the Lucero's had not missed the deadline.

Edwin Lucero, Wood River SCD, Richfield, ID \$41,000 loan – 5 year term – 3% interest. Coburn stated that Mr. Lucero operates a sizable dairy in the Richfield area. He also said that EQIP funds and WQPA funds are involved in the project, so the Lucero's are requesting a loan for the difference of

the total project costs. The loan would be secured with the equipment being purchased, which should be more than adequate.

Terms of the agreement were as follows:

Loan	Loan	Interest
Amount: \$41,000.00	Term: 5 years	Rate: 3%

**Contingen
cies:**

1. ISCC to be secured by a 1st lien on all irrigation equipment purchased w/ loan (UCC-1)
2. ISCC to require that secured chattel be insured by the borrower.
3. Value of chattel to be established by an acceptable evaluation source.
4. Parties to sign the note and security agreement: Edwin N. Lucero and Christa A. Lucero, h &w.

The project is to install one seven tower pivot, 1145' in length and install a settling pond to prohibit sediment delivery into the Snake River. Lucero's own a total of 240 acres, with 72 current crop acres. With the installation of this pivot, pasture ground will also be converted to crop acres.

Johnston moved to approve the request. Evans seconded and the motion carried.

Grindstaff voiced his concern that Coburn is the only one who has access to the loan computer. Nicolescu stated that he does have access to the information on RCRDP.

RCRDP Software Update

Coburn reported that he has done some initial research into what is required of the loan software. There are no hard figures, but he has spoken with the Idaho Banking Association and the International Banking Association and found that there are no standards on what is required, just the basics on liability and the responsibility to provide accurate loan services to customers. The software is good, just not up-to-date with current technology. He would like to utilize the services of an ISDA programmer, Bryan Flock, to complete the updates to the program and re-write the program from Access to Visual Basic. We will own the code when it is completed, which should be less expensive in the long-run. Flock estimates that it would take a couple of months to complete. Flock is working on producing a summary generated directly from the loan program. Coburn reported that he will also get dollar figures from an outside programming source to get a quote on completing this project;

however, he feels that Flock would still be the best source. Flock should have enough time beginning in March to complete the program updates. Evans suggested including a review process to audit the loan program to ensure program protection for the Commission and Commission staff. This would also eliminate the concerns of F.D.I.C. if they were to audit the program. An audit could be an important aspect of the RCRD program. Coburn would like have the loan program include the ability to generate loan and grant narratives to help eliminate typographical errors.

SRF Program Update

Nicolescu reported that DEQ has initiated the process to utilize the SRF program to support 319 projects. If an SRF loan was taken out, DEQ might also support that project with a 319 grant. The niche for SRF loans will be areas where there is no competition with RCRDP loans. Evans feels that there needs to be standard guidelines for SRF loans and dovetailing grants. Reid stated that there are standards in place, but that the Commission has the responsibility to ensure the standards are met.

State Budget Update

Nicolescu reported that in the Governor's State of the State address, the Governor asked for a tight budget. Governor Kempthorne has recommended a two percent permanent merit increase to all eligible state employees. There will be a roughly \$59,000 increase in our total budget for FY05. Grindstaff asked about the possibility of providing temporary increases. Nicolescu reported that Weaver had requested a permanent five percent increase for Janet Hohle, which Nicolescu approved. When that request was presented to ISDA, Nicolescu was asked to hold off on providing that increase because of the possibility of giving short-term merit increases to eligible employees. Nicolescu distributed a work-sheet showing the potential costs of giving all eligible employees a short-term merit increase for eight pay periods. A five percent increase would cost \$17,517.00 for eight pay periods, which includes benefits. He then suggested that a budget be developed for giving permanent increases for FY05 to all eligible employees based on the governor's recommendation and salary savings for merit increases, to be reviewed by the Commission members prior to implementation. Salary savings from a vacant position can be utilized to help offset the cost of increases until the position can be refilled. Evans expressed concern about leaving a position vacant just to obtain salary savings. Thomasson stated that it would be at least six weeks before the soil scientist position could be refilled because of the process involved to rehire. Nicolescu assured the members that it is his intent to re-fill the soil

scientist position as soon as possible. He and Thomasson will begin that process after the position is officially vacated.

Executive Session

Whittom moved to enter Executive Session pursuant to Idaho Code § 67-2345 to discuss personnel issues. Evans seconded. Roll call vote – Johnston – Aye; Evans – Aye; Grindstaff – Aye; Whittom – Aye; Reid – Aye. The Commission entered Executive Session at 11:05 a.m. and returned from Executive Session at 11:50 a.m.

During executive session the members discussed providing merit increases to staff. Johnston moved to have Nicolescu prepare several scenarios for salary increases to staff to be reviewed by the members prior to implementation of the raises. Whittom seconded and the motion carried.

Evans moved to ask Nicolescu to look into having an outside firm audit the RCRDP loan program. Grindstaff seconded and the motion carried. Nicolescu stated that he will try and have this information available for discussion at a teleconference to be held later in January or in February.

Johnston wanted to thank someone for the wonderful lunch provided. Thomasson replied that Ambrose was responsible for arranging the lunch. All members and staff praised Ambrose for her efforts on behalf of the Commission. Evans praised and thanked Johnston for his service to the Commission. Grindstaff moved to adjourn the meeting. Johnston seconded and the motion carried.

There being no further business to discuss, Reid adjourned the meeting at 11:55 a.m.

Respectfully submitted by Brenda Thomasson, Management Assistant.